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S E C R E T SECTION 01 OF 02 TAIPEI 003201

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TAGS: [ETTC](#) [PARM](#) [PINR](#) [PREL](#) [PTER](#) [TW](#)

SUBJECT: TAIWAN RESPONSE TO EXPORT CONTROL GAMEPLAN DEMARCHE

REF: A. STATE 138267

[B. TAIPEI 3140](#)

[C. STATE 137495](#)

[D. TAIPEI 1909](#)

[E. TAIPEI 2983](#)

[F. TAIPEI 2974](#)

[G. STATE 125089](#)

Classified By: AIT Director Douglas Paal, Reason 1.4 b/d

[1. \(S\) Summary:](#) AIT delivered ref A demarche on July 28 to National Security Council Deputy Secretary General Wang Hsi-tien and on July 29 to Ministry of Economic Affairs Vice Minister Yiin Chii-ming. Both officials welcomed a U.S. export control delegation to come for discussions on August 10-11. After hearing the talking points, both officials said that the U.S. and Taiwan shared the same view on the need to strengthen Taiwan's export control regime. However, it was apparent from other remarks that there is still significant ground to be covered between the U.S. proposal and Taiwan's current thinking on this issue. AIT has also spoken with and received a positive response from Taiwan's National Security Bureau about the upcoming talks. End summary.

Demarche on National Security Council

[12. \(S\) On July 28 AIT/T Deputy Director called on National Security Council \(NSC\) Deputy Secretary General Wang Hsi-tien to deliver ref A demarche.](#) After listening to the talking points, Wang said the U.S. proposal was an excellent idea and stated that U.S. and Taiwan views on export control were in complete accord. He emphasized that Taiwan did not want to see its exports used in WMD programs and quipped that Taiwan had been waiting a long time for this U.S. delegation to come. DSG Wang liked the idea of the U.S. and Taiwan forming a joint interagency task force.

[13. \(S\) However, from Wang's remarks, it was also clear that there were elements of the U.S. proposal that went beyond Taiwan's thinking on the issue.](#) When Wang spoke of Taiwan's acceptance of the need to expand export license requirements, he only mentioned strategic high-tech commodities and machine tool exports to North Korea. When AIT reminded to him that the U.S. proposal was to require export licenses for all non-food/medicine/clothing exports to North Korea and Iran, and perhaps to Syria, Wang commented on the difficulty of getting industry buy-in.

Demarche on Ministry of Economic Affairs

[14. \(S\) On July 29 AIT/T Deputy Director called on Ministry of Economic Affairs \(MOEA\) Vice Minister Yiin Chii-ming to deliver the same demarche.](#) While stressing that Taiwan agreed with the United States on the importance of strengthened export controls, Yiin hesitated initially to accept the proposed dates, saying that Bureau of Foreign Trade (BOFT) Director General Franco Huang (Chih-peng) would not be available and there was not enough time to make necessary preparations by August 10-11. However, when AIT held firm on these dates, and explained that the primary purpose of the meetings was to give U.S. presenters a chance to explain the details and mechanics of the U.S. proposal, Yiin said he welcomed the delegation on August 10-11. AIT advised Yiin that it would be helpful if his Ministry could prepare statistical information on Taiwan's trade with North Korea and Iran.

[15. \(S\) VM Yiin noted that BOFT would not have an easy time persuading exporters to accept new controls because of:](#) Taiwan's economic dependence on exports, the difficulty in getting industry buy-in, and industry concerns that export controls could create a competitive disadvantage for Taiwan exporters which would accelerate the migration of Taiwan manufacturers to other territories. Yiin said he hoped U.S. agencies could assist Taiwan authorities in their effort to gain industry support for stricter measures, perhaps by supplying talking points or speakers on these topics. Yiin spoke at length about the fragmented nature of global supply chains, and the difficulty this presented for controlling SHTC components. As an example, he said that computer numeric control devices might be exported by Japan via

Vietnam to Thailand, where they would be added to machine tools exported from Taiwan then exported to North Korea.

16. (S) AIT noted that stricter export controls could be a competitive advantage for Taiwan companies and that it seemed to be only a few less-reputable companies doing most of the trade with North Korea. AIT suggested that there needed to be an effective deterrent for these less-reputable companies.

Additional AIT Comments for Gameplan Agenda

17. (S) The U.S. proposal asks that Taiwan expand the requirement for export licenses to all non-food/medical/clothing exports to North Korea and Iran within 30 days after agreeing to do so. AIT suggests that these measures might be applied to North Korea within 10 days of agreement to do so. Taiwan's volume of trade with North Korea is low enough that there would be minimal impact on industry. The 20-day head start with North Korea would give valuable experience when applying the measures to Iran. As indicated in ref B, a potential problem with asking Taiwan authorities to provide export license application and visa information in English is that the BOFT records are kept only in Chinese and there are no compulsory or consistent standards for romanization of company or individual names. Thus, BOFT may spell an individual's or company's name differently on different documents, and use a completely different spelling than that used by the individual or company on other documents. Companies and individuals commonly also use English names that have no direct relation to their Chinese or Korean name as transliterated into Chinese characters. AIT also suggests that a "peer review" evaluation of Taiwan's UNSCR 1540 report consistent with the methodology used in the UN 1540 Committee be added to the agenda. The report provides a fairly detailed description of Taiwan's non-proliferation and export control regime, and the linkage to the United Nations could provide Taiwan authorities with the political cover they need to take speedy action by executive order instead of inaction by legislative measures.

18. (S) AIT has also discussed the proposed visit with Taiwan's National Security Bureau (NSB) and has received assurances of that organization's support for the August 10-11 dates. BOFT Import/Export Administration Director Wally Su called AIT/Econ the evening of July 29 to ask which Taiwan agency should be coordinating the visit, MOEA, BOFT, NSC, or NSB. AIT/Econ replied that Taiwan authorities should make that decision.
PAAL